

Statement of Congressman Michael N. Castle

*Capital Markets Subcommittee Hearing on
"Reviewing U.S. Capital Market Structure:
The New York Stock Exchange & Related Issues"*

October 16, 2003

Thank you Chairman Baker and Ranking Member Kanjorski for holding this hearing before the Capital Markets Subcommittee today. The issue before us is an important one. In light of recent scandals that have hit the securities market, from concerns surrounding trading practices to extremely high and seemingly hidden compensation packages for executives, it is more important than ever that we continue to strive for a higher level of corporate governance.

I am pleased this committee undertook the reforms we achieved in the passage of the historic Sarbanes-Oxley Act of 2002, but we must not stop there. The Sarbanes-Oxley legislation strengthened the oversight of the Securities and Exchange Commission (SEC) and created the Public Company Accounting Oversight Board (PCAOB) to ensure proper accounting practices are followed. I applaud the work of Mr. John Reed, who is serving as the interim Chairman of the New York Stock Exchange (NYSE), the tone he has set at the stock exchange is a most positive and necessary step. The one dollar salary Mr. Reed is earning as interim Chairman is a true testament to his goal of bringing reform to the NYSE.

It is important we question the status quo. During the series of hearings to be held by the Capital Markets Subcommittee, a number of issues on how the markets can be most positively structured must be addressed. First and foremost, we must restore investor confidence. Unfortunately, our market structure has become tarnished. I know a number of my constituents are concerned with the market place. They want to invest in stocks but with a slow economy coupled with market place scandals, they are very tentative to take that step back into the market. We must identify and address the steps that need to be taken. The proposals put forth by Mr. Reed, such as re-examining board membership, ethics codes and greater transparency, are a positive first step, but as a market structure we need to continue to identify the best practices and execute them.

I look forward to hearing from Mr. Reed and all of our panelist today. Today, the Capital Markets Subcommittee holds its first in a series of hearings on market structure -- I am pleased will continue to investigate these matters and to ensure that our investors and markets continue to be provided the best possible structures.